



ARIZONA HOUSE OF REPRESENTATIVES

HB 2639: timeshares; disclosures

PRIME SPONSOR: Representative Bolick, LD 20

BILL STATUS: [Regulatory Affairs](#)

Overview

Outlines requirements for rescinding, cancelling or terminating a purchase agreement for a timeshare. Creates a separate disclosure that must be provided before entering into a contract or agreement for the sale of a timeshare.

History

A purchaser may rescind an agreement without cause within 7 days after executing a purchase agreement for a timeshare. The rights to rescind an agreement are required to be disclosed in the purchase agreement. If a seller allows the period to rescind an agreement to extend beyond 7 days, the purchase agreement must reflect the longer period of time. The disclosure is required to include the following information: 1) the purchaser may cancel the agreement without penalty or obligation within 7 days; 2) the purchaser must notify the seller in writing if they decide to cancel the agreement; 3) the purchaser's notice of cancellation is effective on the date the notice is sent to the seller; and 4) the purchaser may execute all closing documents in advance ([A.R.S. § 32-2197.03](#)).

Provisions

Initial Period for Rescinding a Purchase Agreement (Sec. 1)

1. Extends the timeframe for a purchaser to rescind a purchase agreement from 7 to 14 days after executing the agreement.

Cancelling a Purchase Agreement Within 14 Days After First Use (Sec. 1)

2. Allows a purchaser to cancel a purchase agreement without cause and relinquish all interests and liabilities by providing a written notice to the seller within 14 days after the first use of a timeshare.
3. Permits a seller to charge a cancellation and relinquishment fee of up to 10% of the purchase price if the dollar amount of the fee is disclosed in the agreement.
4. Requires a seller to refund all purchase payments made within 30 days but allows for the retainment of any monies necessary to cover the cancellation and relinquishment fee and any other assessments due at the time of cancellation.
5. Specifies that a seller:
 - a. May charge regularly scheduled assessments for one year after cancellation; and
 - b. Is not required to refund any assessments paid by the purchaser before cancellation.
6. Requires the purchase agreement to:
 - a. Disclose the cancellation and relinquishment rights and any related fee; and
 - b. Reflect any cancellation and relinquishment period that extends beyond one year, if allowed by the seller.
7. Requires the disclosure of the cancellation and relinquishment rights and any related fee to:
 - a. Be printed immediately after the disclosure of the initial rescission period; and
 - b. Include the specific disclosures as outlined in the bill.

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☐ Fiscal Note

Terminating a Purchase Agreement After 10 Years (Sec. 1)

8. Allows a purchaser to terminate an agreement and surrender all rights or property interests to the seller without a fee or penalty if all of the following apply:
 - a. The agreement is terminated at least ten years after purchase;
 - b. The entire price of the time share is paid; and
 - c. There are no overdue assessments, unpaid fines, unpaid penalties, liens or other encumbrances on the property.
 - i. Specifies that termination and surrender is initiated by a written notice to the seller.
9. Specifies that the purchaser is not liable for any assessments beyond regularly scheduled assessments incurred within a year after the surrender.
10. Requires the seller to provide a written notice, within 30 days, stating whether the purchaser's request for termination is accepted or denied.
11. Requires a notice of denial to explain the reasoning in detail.
 - a. Specifies that a request may only be denied if a person does not meet the requirements for termination.
12. Requires a notice of acceptance to include:
 - a. All necessary documents for completing the surrender of the purchaser's timeshare;
 - b. Instructions for completing the documentation;
 - c. A detailed explanation of the effect of termination, including any liabilities and the loss of any deed interest, timeshare points or other timeshare interest; and
 - d. An explanation of the purchaser's right to cancel the termination process, if any.
13. Makes the termination and surrender effective on the date the seller receives copies of all necessary documents.
14. Requires the seller to provide the purchaser with a written copy of the documentation signed by both parties and a written notice that:
 - a. Verifies the effective date; and
 - b. States any future liability for regularly scheduled assessments.
15. Specifies that the timeshare interest immediately returns to the seller or any third party designated by the seller.
16. Allows the seller to continue to assess and collect regularly scheduled assessments for one year after receiving copies of all necessary termination documents.
17. Requires the purchase agreement to:
 - a. Disclose the termination and surrender rights; and
 - b. Reflect any termination and surrender period earlier than 10 years, if allowed by the seller.
18. Requires the disclosure of the termination and surrender rights to:
 - a. Be printed immediately after the disclosure of the cancellation and relinquishment rights and immediately before the space reserved in the agreement for the signature of the purchaser; and
 - b. Include the specific disclosures as outlined in the bill.
19. Specifies that the denial of a purchaser's right under this Act without a good faith legal basis constitutes an unlawful practice.
 - a. Allows the Attorney General to investigate and take appropriate action.

Separate Disclosure (Sec. 2)

20. Requires a seller to provide a purchaser with a separate disclosure document to inform a purchaser of their actual and potential liabilities under a purchase agreement before the sale of a timeshare interest.
21. Requires the disclosure document to include the following:
 - a. The duration of the timeshare agreement and an affirmative statement that the purchaser's obligations may extend throughout their lifetime, if the agreement has no set duration.
 - b. A good faith estimate of the total potential financial obligation during the first year of ownership.
22. Specifies that if the maximum amount of the first year's assessments:
 - a. Are known, the disclosure must include the amount of the assessments and the assessments levied for the previous three years.
 - b. Are unknown, the disclosure must provide the purchaser with:
 - i. Notice that the purchaser will be required to pay assessments in addition to the purchase payment and the amount is unknown;
 - ii. A statement disclosing the assessments for the previous three years and a good faith estimate of the first year's assessments that is at least the highest of the previous three years; and
 - iii. An affirmative statement that there is no limit on the assessments that may be charged in the first year of ownership.
23. Requires the disclosure document to also include a good faith estimate of the maximum annual and cumulative financial obligation for the duration of the timeshare.
24. Specifies that if the amount of the future assessments is known, the disclosure must provide the purchaser with the following:
 - a. Notice that the purchaser will be required to pay assessments in addition to the purchase price;
 - b. A payment schedule disclosing the amount of the assessments payable each year of the agreement and the cumulative amount of those assessments after 5, 10, 20 and 30 years of ownership; and
 - c. All material additional payments, including estimated taxes, utility fees and special assessments.
 - i. Requires the schedule to use an estimated amount equal to \$1,000 per year, if the purchase agreement does not have a cap on special assessments.
25. Specifies that if the future amount of the assessments is unknown, the disclosure must provide the purchaser with the following:
 - a. Notice that the purchaser will be required to pay assessments in addition to the purchase price and the amount is unknown;
 - b. A payment schedule disclosing estimates of the assessments payable during each year of the agreement.
 - c. A list of all fees, estimated taxes, utility fees and special assessments.
 - i. Requires the schedule to use an estimated amount equal to \$1,000 per year, if the purchase agreement does not have a cap on special assessments.
26. Requires the payment schedule disclosing estimates of the assessments payable during each year of the agreement to be as follows:
 - a. The maximum amount of the first year's assessment, if known.

- i. Requires the schedule to disclose estimates of the annual assessments using the maximum allowable assessment for each year, if specified by the purchase agreement, for the lesser of the first 30 years of ownership or the duration of the timeshare agreement.
 - ii. Requires the schedule to assume an annual assessment increase of 25% for each year, if no maximum allowable assessment is specified in the agreement.
 - b. If the maximum amount of the first year's assessment is unknown, \$650.
 - i. Requires the schedule to disclose estimates of the annual assessments for the lesser of first 30 years of ownership or the duration of the agreement, assuming an annual assessment increase of 25%.
27. Requires a statement to be included specifying that the amounts provided are estimates.
28. Requires the schedule to substitute the maximum cap on the rate of increase for the 25% assumed rate, if the agreement places a cap on assessment increases.
29. Requires the schedule to also reflect the cumulative amount of all assessments to be paid by the purchaser for the duration of the agreement, as well as the first 5, 10, 20 and 30 years of ownership.
- a. Requires the schedule to include all periods that occur up until the timeshare agreement's end date.
30. Requires a purchaser to sign the separate disclosure and verify that they have read and understand the information.
31. Requires a signed copy of the disclosure to be provided to the purchaser and the seller.
32. Allows the State Real Estate Commissioner to recommend or require that the separate disclosure be in a specified form.
33. Specifies that the form must contain all required information.
- Miscellaneous (Sec. 1)***
34. Makes technical and conforming changes.